sed by Lok Sabha at its sitting held on the 18th December, 1985."

Sir, I lay a copy of the Bill on the Table.

HALF-AN-HOUR DISCUSSION ON THE POINTS ARISING OUT OF ANSWER TO STARRED QUESTION NO. 322 GIVEN ON THE 11TH DECEMBER, 1985 REGARDING CHANGE OF DECISION TO PURCHASE BOEING 757

DR. SHANTI G. PATEL (Maharashtra): Mr. Vice-Chairman, Sir, this matter has arisen out of Question No. 322 raised on 11th December, 1985. This is a very important issue. It becomes important because it raises a basic issue of propriety and procedure in a matter of purchase of this particular type and cost. Sir, as the history goes, a letter of intent was issued for buying certain number of Boeing 757s to the American film which manufacturers them some time in the beginning of this year. And after that, it appears there was another company which came on the scene and tried to take the contract and which started canvassing also offering all sorts of discounts. Of course, both the companies tried to vie with each other in this particular regard and tried to have the contract given to them. This decision to give contract to this American firm was taken after two years of deliberations and after appointment of an expert committee which went into all the aspects of this particular matter. It was then that the Board took a decision and it also received the required sanction from the Ministry concerned. All procedures were completed. After that, the decision was reversed or changed or guillotined. The contract, letter of intent, is now given, six months after the first letter of intent was given to the American firm, to the Airbus company which as you are aware, Sir, is managed by a German-French consortium. This is not a company which has been there for quite a long time and now the A-320 buses are under order. I am not concerned which company manufactures this. But it is an open thing that all these plane manufacturers all these plane manufacturing companies all over the world have been going round and trying to see by all means possible, fair and foul, that the contract is given to them.

It is in this background that we have to look at this particular incident. May I know from the hon. Minister why and how this letter of intent came to be changed, the circumstances under which this decision was reversed, and another company was preferred? There may be reasons of which this House or any of us may not be aware. But so far, the facts which have come to our notice only go to show that there is no convincing case. Sir, in a matter like this, various factors have to be weighed, properly taken into account and then a decision reached. Which company should receive the contract or which type of aircraft should be selected for the types of services by the Indian Airlines, are matters which require detailed and technological considerations. I am aware of it. That is why, an expert committee was necessary to go into this particular problem. When the hon. Minister was asked particularly about this question, he did not say, but whatever he replied, from whatever he said, it was very clear that no expert committee was appointed and this letter of intent was given. Now, there are various other aspects, as I said, various considerations, which need to be gone into. The first and foremost is, of course, the cost of the aircraft. Not merely the capital cost, but the maintenance cost. There are also the terms of the contract, in how many instalments the money is going to be paid to the company concerned. Then, there are discounts also. Then, engine design, fuel savings, reliability of the particular aircraft. Then there are techincal considerations. I am told, there are FBI, flying controls available. I am not here referring to the FBI of American because when we say FBI, we are reminded of FBI of America. Here, it stands for what they call flying by wire control, whatever that may be. Then, there are considerations like overall efficiency of the aircraft, passenger comfort and other aspects. I have enumerated them because they need to be gone into by experts. These are not something on which a Board sitting around

can take a decision or a Secretary of the Ministry can take a decision. These are matters which require detailed and technical considerations. That is why, an expert committee has to be appointed. This has been the procedure which was being followed till this particular letter of intent was given. That is why, this deal becomes very important. It is not merely... I would request the Minister to listen to me. I know he can listen to me by one ear. But I would like to have both the ears. Sir, I was submitting that this involves large amount of money. Rs. 2,000 crores, perhaps more, as far as this deal is concerned. That is why, it is very necessary that every step, every decision is taken with all care and caution. Then, Sir, I am not saying anything regarding the replacement of the present aircraft, because phasing out at well-timed intervals and going in for modern and advanced types of aircraft is sound business practice. I presume that this has been done in time and at the proper moment, but on these points the answers that were given by the Minister were, I am sorry to say, hesitant, unclear, confusing and dubious. That is what made us feel that there is something below the surface of the water and it needs to be taken out and should be discussed. Whatever it is, the facts should be placed before the House. I am not making any allegation, but Sir, as you are aware, in an aircraft deal none lesser a person than the Prime Minister of Japan was censured and he had to resign his post, he had to pay that price. That is why it is a very serious matter. Unless a convincing explanation is given forthwith, this matter would have to be and should be pursued further. I would, therefore, without taking much time, submit that let the air of suspicion be cleared and let all the facts be placed before this House so that the House is able to have the right position.

THE VICE-CHAIRMAN (SHRI SANTOSH KMAR SAHU): Mr. Kalmadi. Please be specific.

SHRI SURESH KALMADI (Maharashtra): Before I have started you have asked me to be specific and I will be specific.

What we have noticed today is a scandal of the year. I would definitely term it to be the scandal of the year. I will not go into the details to which Mr. Shanti Petel has gone because of the Chair's opening remark, but I would like to say that we are going in for the Airbus 320 without knowing what the airframe is like, without knowing what the engine is all about. The engine is being designed by a team of manufacturers who are working for the first time to come. We do not know when it is going to be completed. No airframe model is ready, we do not know whether it has been air tested. I do not know how we are going in for this particular aircraft when 757 Boeing is already flying all over the world. There are about 162 Boeings—757 whi are flying round. They are ready to giv the delivery next year. I do not know why we are waiting for 1988 for the futuristic aircraft. If you want futuristic aircraft, you can have Boeing 7J7. They are offering to deliver you by 1992. It is one of the finest aircraft in the world. It has 45 per cent fuel saving and 10 per cent cost effectiveness. What we require today is an aircraft which is going to be got immediately. Now it appears that the Airbus people are going to give you some aircraft on lease. I want to know wherefrom they are going to give you the aircraft on lease. They have asked the Boeing company to give them some aircraft on lease but they have refused them. The Boeing company has said that they will buy back all the existing aircraft with the Indian Airlines today. They are ready to buy back all the Beoing which are there at the moment. Is there any such offer by the Airbus company? Also, you have talked about fuel efficiency. You have said the other day in Parliament that there is a difference of Rs. 200 crores between the Boeing and Airbus offers in 10 years projections, but this is only, notional because we do not know what the fuel efficiency of this would-be engine would be like.

There has been a claim previously also by the Airbus company that A310 was more fuel efficient by 2 per cent than the 767 Boeing, but actually it was the Boeing 767 which turned out to be fuel efficient by 5 per cent. That means there

[Shri Suresh Kalmadi]

is some error in judgment. At one time the Airbus claimed to be fuel efficient by 7 per cent. So, how do you know that this particular mistake will not be repeated now? Also I want to know from the Minister whether the Boeing company has given you a new offer which would save the country one billion dollars in the course of the next ten years. Have they given you such an offer? If they have given such an offer, are you not going to consider it? Are you not going to re-evaluate it? A Committee went into the entire matter for six months and they decided on going in for the Boeing aircraft. All of a sudden, at midnight, one fine day, without any committee going into anything, you change it into Airbus. You have not gone into details. My demand is that in view of the new offer by Boeing which is going to save the country 1 billion dollars, whether you are going to consider the new offer of the Boeing. Also Boeing 757 has a low load classification number and good STOL (short take-off landing) characteristic and can land in any airfield in use presently, whereas 320 can operate only from 10 of the existing 62 jet aircraft in India today. That means that if we are going in for the Airbus, we require many more airfields. Each airfield will cost 2 crores of rupees moe. You require new equipment for the Airbus. For all these ground stations, you will require 1 crores worth of ground equipment. So you need purchse 757 now and remove the need for interim lese of 12 737s which the Airbus cannot manage.

So my questions to the hon. Minister whether the Government will again reconsider purchase of Airbus; and whether the hon. Minister will appoint a Committee to go into this entire question, because I do not blame him. He was not there when all the decisions were taken. Since he is a new Minister, I am sure he will taink in terms of setting up a Committee which should be asked to report within a month. In that case, alongwith the futurist air-craft of Airbus A-320, it will also consider 7J7 of the Boeing Company which is scheduled to come in 1992.

THE MINISTER OF STATE IN THE DEPARTMENT OF CIVIL AVIATION (SHRI JAGDISH TYTLER): Sir, certain points have been raised by the two hon. Members. First of all, I would like to inform the Members that the Sub-Comittee which examined it—I said this even last time but because of too much noise raised, probably the thing was misunderstood differently—that a Sub-Committee which was made to go into the Boeing offer is a part of a bigger Board of the Indian Airlines. Now a Sub-Committee went into four or five offers and then they identified one. So when the offer of the Airbus came, it need not have gone into the same details in trying to identify an aircraft because the aircraft had already been identified.

SHRI SURESH KALMADI: Where is the aircraft?

SHRI JAGDISH TYTLER : The aircraft is Boeing. Boeing aircraft I am talking about. This Sub-Committee did not take two years, as you have said; it took one year and that too when 5 aircraft were to be considered. And for the Airbus 320 offer it took us 10 months when only a comparison had to be made between two aircraft. The evaluation was done by a team of the Indian Airlines. In both cases, it was put to the Board. So to take it up as something done underhand or fishy is not true.

As for the offer of the Boeing Company where we probably would save 1 billion dollar, there is no offer. I do not know where you got the offer. We have no offer of such type. But it is true that in October, the Central Government received an offer from the Airbus Industies for the sale of A 320 aircraft. This was refered to the Indian Airlines for evaluation and the Indian Airlines obtained commercial terms of sale, both from the Airbus Industries and the Boeing. Based on these commercial terms and analysis of technical features carried out by the Indian Airlines, the techno-economic study should that the offer of Airbus Industries for the A-320 Aircraft was superior to that of Boeing 757. It has fuel effici-

ency. Airbus 320 Aircraft fitted with V-2500 engines—I am coming to the engines, I will complete this and will tell you about engines—would consume 19.6 per cent or less fuel than Boeing 757 Aircraft fitted with Rolls Royce engines over a stage length of 600 km. which is the average sector length to be operated by a new aircraft. Second, Airbus A-320 fitted with V-2500 engine would have fund generation of Rs. 203.61 crores higher than B-757 Aircraft fitted with Rolls Royce engine over a period of 12 years

SHRI SURESH KALMADI: How do you know? The engine has not yet been produced.

SHRI JAGDISH TYTLER: I am coming. The engine is coming. Let me finish. If you are not satisfied, you raise the question. I will answer that.

This is over a period of 12 years. represents the economic life of the aircraft. The Airbus A-320 aircraft is stated to be the aircraft of the future, and based on modern technology capable being operated well up to the end of the 20th century. It can operate from all such airports from where Boeing 757 operates. So, the question of increasing the runw spending more money on any of the runways, does not arise.

SHRI SURESH KALMADI: You are making the statement on the floor of the House.

SHRI JAGDISH TYTLER: Yes, yes. As far as the Airbus engines are concerned, we have two options with us—CFM 565 and V-2500. V-2500, we have opted. It is not that we alone have opted for it The Cyprus Airways, the Spanish Airways, the Lufthansa, the Pan Am, the Indian Airlines, the Air France, the A Intel, the Anset, the British Caledonian have opted for it. Altogether 119 orders have been placed to the firm with option of 125 to the same Airbus Company with which we have placed. So, it is not that we have just gone blindly to it. If there is confidence of another nine top airlines in the world in the Airbus. I think you should not misjudge us and say that we have gone for an engine which has not been examined. I want to tell you, and you had asked, when it is going to be tested. The first engine test is going to be in December, 1985. The first flight test will be in April, 1987. The engine certification is going to come in April, 1988. And the first commercial service is to be started in the first quarter of 1989.

SHRI SURESH KALMADI: What will be the cost at that time?

SHRI JAGDISH TYTLER: I would like to inform the Member that Boeing has not offered any aircraft of the future, of 1992.

I think, I have answered both the questions which they have raised, Sir.

SHRI SURESH KALMADI: I asked whether a committee is going to review it. We have asked for a committee to review it.

DR. SHANTI G. PATEL: Mr. Vice-Chairman, I asked a very specific question. My question was one. It requires a proper evaluation of the offer. Why w not an experts committee appointed to go into it? And you just went by whatever reports were given by the company.

SHRI SURESH KALMADI: Is a committee going to be appointed?

THE VICE-CHAIRMAN (SHRI SANTOSH KUMAR SAHU): Let him answer

SHRI JAGDISH TYTLER: A proper evaluation was done. As I told you, the sub-committee which evaluated the Boeing also is a part of the Board of the Indian Airlines which is a bigger committee with the same members being part of the Board also. So, a proper evaluation was done.

THE VICE-CHAIRMAN (SHRI SANTOSH KUMAR SAHU): The reply ha been given. He has said what he had to say. There is nothing more.

DR. SHANTI G. PATEL: Why was an expert committee in that case appointe when the evaluation was done of the 757 Boeing and the same persons were the

members? This is an answer which is not convincing at all.

SHRI SURESH KALMADI: This is a scandal of the year, Sir.

SHRI JAGDISH TYTLER: If by speaking like this they. Want to suggest that there is something wrong, I want to make it clear that there is nothing wrong The sub-committee is competent enough to consider it. So the evaluation was done by the committee. (*Interruptions*)

SHRI SURESH KALMADI: This is a scandal of the year. Now, whether you are going to appoint a comimttee or not? Otherwise, we will walk out.

DR. SHRANTI G. PATEL: In protest against the unconvincing reply given by the Minister, we walk out.

(*At this stage some hon. Members left the Chamber*)

THE VICE-CHAIRMAN (SHRI SANTOSH KUMAR SAHU): Now, Secretary-General.

MESSAGES FROM THE LOK SABHA

I. The Central Excises and Salt (Amendment) Bill, 1985

II. The Customs (Amendment) Bill, 1985

III. The Customs Tariff (Amendment) Bill, 1985

SECRETARY-GENERAL: Sir, I have to report to the House the following messages received from the Lok Sabha, signed by the Secretary-General of the Lok Sabha:-

(I)

"In accordance with the provisions of rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose the Central Excises and Salt (Amendment) Bill, 1985, as passed by Lok Sabha at its sitting held on the 18th December, 1985.

2. The Speaker has certified that this Bill is a Money Bill within the meaning of article 110 of the Constitution of India."

(II)

"In accordance with the provisions of rule 96 of the Rules of Procedure and Conduct of business in Lok Sabha, I am directed to enclose the Customs (Amendment) Bill, 1985, as passed by Lok Sabha at its sitting held on the 18th December, 1985.

2. The Speaker has certified that this Bill is a Money Bill within the meaning of article 110 of the Constitution of India."

(III)

"In accordance with the provisions of rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose the Customs Tariff (Amendment) Bill, 1985, as passed by Lok Sabha at its sitting held on 18th December, 1985.

2. The Speaker has certified that this Bill is a Money Bill within the meaning of article 110 of the Constitution of India."

Sir, I lay a copy each of the Bills on the Table.

THE VICE-CHAIRMAN (SHRI SANTOSH KUMAR SAHU): The House is now adjourned till 11 A.M. tomarrow.

The House then adjourned at thirty-six minutes past six of the clock till eleven of the clock on Thursday, the 19th December, 1985.